Third-Party Opinion

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Studied plant ecology at the University of Tokyo, where he was awarded a doctorate from the Graduate School of Science. Undertook research concerning tropical forests at the National Institute for Environmental Studies (NIES) and also at the Forest Research Institute Malaysia (FRIM). After leaving NIES, he set up his own consultancy business, specializing in corporate efforts to conserve biodiversity and CSR procurement (supply chain management). In addition to roles as a member of the Standing Committee of the Ecological Society of Japan, an advisor to the Sustainable Management Forum of Japan and Executive Director of Japan Business Initiative for Biodiversity (JBIB), he also serves on the Ministry of the Environment's Committee on Biodiversity Private Sector Activities Guidelines and many other governmental committees.

Furukawa Electric has this year elected to synthesize the information formerly contained in its CSR and annual reports as a "Sustainability Report." This appears to be in response to the trend, particularly in Europe, to disclose a variety of non-financial information, including that pertaining to environmental, social and governance (ESG), to investors. It is important in such reports to employ clear indicators and show the items that companies are targeting specifically. At this point, numerical targets are provided mostly in the environmental field. Going forward, using more easy-to-understand indicators for the society and management categories would make the report even easier to understand and simplify comparisons. This report also deserves high marks for the introduction, in President Shibata's own words, of the businesses that Furukawa Electric will develop going forward (pages 7–10) and the special features on second-generation high-temperature superconductor technologies (pages 11–16), which explains specifically what sort of technologies the Company has that will enable it to develop business in this field. These introductions are detailed and clear.

As to sustainability, in times when life was much simpler, clothing, food and housing were the main elements of people's lives to be sustainable. I believe that nowadays, energy and information needed to be added to that list. Furukawa Electric's businesses support these two needs, and the Company's technologies to efficiently transmit, store and create electricity should each make major contributions to realizing a sustainable society. As Furukawa Electric already possesses these technologies, it has a definite advantage in exploiting them to develop related businesses. The question that needs to be considered from a sustainability perspective is how the Company will achieve these developments and realize the business. Regardless of how many sophisticated technologies a company has, products cannot be made without resources. As last year's flooding in Thailand demonstrated, unless a company can adapt to weather disasters which are expected to be much more severe, business stability will be lost. I would like to see Furukawa Electric explain specifically how it will respond to such issues and what it is doing to guarantee the sustainability of the businesses themselves. According to this report, at present the Company has only short-term goals looking two to three years into the future. I definitely hope that the Working Group for Sustainable Planning (page 18) established this year will set targets and formulate plans to realize sustainability over the much longer term, and that the Company will pursue activities accordingly.

These initiatives should focus not just on contributing to society through technology but also take the lead in promoting new activities that will enable the Company to boost its own sustainability, as well as that of society as a whole. For instance, in addition to promoting energy conservation, it should become possible to shift to more renewable energy sources and to generate renewable energy. Looking just at superconducting cables, for example, by 2030 demand is expected to be 1.6 times the current level (page 13). Resource requirements are likely to grow in direct relation to this demand increase. Such questions will arise as how to procure increasingly scarce metal resources and how to shift from the use of petroleum-derived to biologically-derived plastics. The Company needs to describe a clear path and start on specific actions.

In fiscal 2012, Furukawa Electric analyzed and evaluated the relationship between biodiversity and its businesses and formulated an action plan based on the issues discovered (page 26). I was also involved in this process and became aware that Furukawa Electric had a truly diverse relationship with biodiversity. The reason companies undertake to conserve biodiversity is that biodiversity is directly connected to their business risks. Even more important, however, is that biodiversity and the ecosystem services are supporting corporate activities, so are they essential. For this very reason, it is essential to minimize the loads that businesses place on ecosystems; limiting this impact to the level that nature allows is the ultimate condition for sustainability. Though this is an extremely challenging issue, I hope the Company will look more deeply into this matter, and look forward to Furukawa Electric showing the world exactly what a sustainable company looks like.